MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

DFA5058 – FINANCIAL ACCOUNTING

(For Diploma Students Only)

11 OCTOBER 2017
9:00 A.M – 11 A.M
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **6** pages with **4** questions.
2. Answer **ALL** questions.
3. Write your answers in the answer booklet provided.

QUESTION 1

Part A

The following transactions took place for Tanaka company during June 2017.

June 1	Purchased equipment on account for RM9,800.
7	Earned revenue of RM5,500 of which RM1,500 is collected in cash and the balance is billed to customers on account.
13	Made payment of RM2,400 on account for equipment purchased on June 1.
20	Collected RM3,500 on customer accounts.

Instructions

(a) Journalize the above transactions for Tanaka company. You may omit explanations.
(4.5 marks)

(b) Identify the balance in Accounts Payable and Accounts Receivable as at June 30, 2017. Calculate the ending balance for Accounts Payable and Accounts Receivable as at June 30, 2017. Show your answer in T-account format.
(4 marks)

(c) Explain **TWO (2)** differences between Accounts Receivable and Accounts Payable.
(1.5 marks)

Part B

Galaxy Sport Company encounters the following situations at the end of December 2017:

1. Galaxy Sport Company has provided services to customers RM5,600 but has not yet received cash.
2. Galaxy Sport Company purchased RM3,700 of supplies on January 2017; at year-end, RM800 of supplies remain unused.
3. Galaxy Sport Company accrued salaries and wages are RM6,500 on December 31.
4. The depreciation for company's office equipment is RM800 per month.
5. Galaxy Sport Company performed three quarter (¾) of RM9,000 of unearned service revenue at the end of December 2017.

Instructions

(a) Identify the type of adjusting entry (prepaid expense, unearned revenue, accrued expense or accrued revenue) is needed in each situation, at December 31, 2017.
(5 marks)

(b) Prepare the adjusting entries as at December 31, 2017.
(10 marks)

[TOTAL 25 MARKS]

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QUESTION 2

Part A

Given below is the Adjusted Trial Balance of Excellent Company as at September 30, 2017.

Excellent Company
Adjusted Trial Balance
September 30, 2017

Accounts	Debit (RM)	Credit (RM)
Accounts Payable		37,570
Accounts Receivable	91,803	
Accumulated Depreciation – Motor Vehicle		44,577
Accumulated Depreciation – Office Equipment		20,176
Advertising Expense	9,724	
Bank	68,900	
Capital		209,625
Cash	46,930	
Depreciation Expense – Motor Vehicle	8,398	
Drawings	8,840	
Furniture and Fitting	106,080	
Insurance Expense	8,905	
Motor Vehicle	130,910	
Notes Payable		73,138
Office Equipment	41,600	
Prepaid Insurance	23,725	
Rental Revenue		34,840
Salaries Expense	19,266	
Salaries Payable		16,120
Service Revenue		128,622
Supplies	7,540	
Unearned Service Revenue		15,600
Utilities Expense	7,647	
Total	**580,268**	**580,268**

Instructions

(a) Prepare the closing entries as at September 30, 2017.

(7 marks)

(b) Prepare the Post- Closing Trial Balance as at September 30, 2017.

(8 marks)

Continued...

Part B

Answer the following independent questions:

1. Explain any **TWO (2)** objectives of financial reporting.

(4 marks)

2. Listed below are several independent statements that relates to the financial accounting and reporting. Identify the basic assumption or broad accounting principle that applies to each statement.

   (a) Faid runs a barber shop and reports its economic transactions every end of calendar year.

   (b) Vivian an accountant for TVS Sdn Bhd aware that all information that could affect decisions should be reported clearly.

   (c) Only transaction data that can be expressed in terms of money should be included in accounting record.

   (d) Ray recorded the amount of its company's equipment based on the total cost it was purchased in the year 2010.

   (e) Zizan, opens a BookCafe and he record expenses in the period the related revenue is recognized.

   (f) Public Arts Company records revenue when are delivered to customers, even though the cash has not yet been recorded.

(6 marks)

[TOTAL 25 MARKS]

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QUESTION 3

Nura Medina started her dream bridal business, Cinderella Bridal as at January 2016. Her business focuses on supplying exclusive imported bridal goods to all wedding planners around Melaka area. The following transactions occurred during January 2016.

Jan 2	Received an invoice from Bohemia manufacturer for purchasing 500 crystal boxes which cost RM150 each on account. The terms were 5/10, n/30 FOB shipping point. The appropriate party also paid cash RM3,500 for freight.
4	Returned 100 crystal boxes to Bohemia manufacturer.
6	Paid Bohemia manufacturer.
8	Issued an invoice to Bridal Box for 300 crystal boxes sold at RM300 each on account with terms 3/10, n/30 FOB destination. The appropriate party also paid cash RM1,600 for freight.
10	Bridal Box returned 40 defective crystal boxes.
12	Withdraw bridal goods worth RM25,000 for personal use.
14	Received an invoice from Chiavari manufacturer for purchasing 800 chiavari chairs which cost RM180 each on account. The terms were 5/10, n/30 FOB shipping point. The appropriate party also paid cash RM3,000 for freight.
16	Chiavari manufacturer granted a reduction on total price of RM2,000 for slightly inferior quality chiavari chairs.
18	Paid billboard advertising for RM6,500 by cash.
20	Issued an invoice to Bridal Chair for 600 chiavari chairs sold at RM360 each on account with terms 3/10, n/30 FOB shipping point. The appropriate party also paid cash RM1,500 for freight.
22	Granted a reduction on total price of RM2,500 to Bridal Chair for slightly inferior quality chiavari chairs.
26	Received payment from Bridal Box.
30	Received payment from Bridal Chair.

Instructions

(a) Journalize the above transactions by using a perpetual inventory system. Show all your workings. (20 marks)

(b) Briefly explain the terms below:

i. Cost of Goods Sold
ii. Perpetual Inventory System
iii. Periodic Inventory System
iv. FOB Destination
v. FOB Shipping Point

(5 marks)

[TOTAL 25 MARKS]

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QUESTION 4

Part A

Ariani Corporation is a Malaysian based premium brand which has always been known for its tasteful head coverings among the headscarf-wearing crowd. The company prepared their bank reconciliation for every month. Given below are the details cash records for Ariani Corporation on April 2016:

Cash Receipts		Cash Payments	
Date	**Cash debit (RM)**	**Cheque No.**	**Cash credit (RM)**
April 2	8,340	413	1,780
8	1,000	414	280
10	1,100	415	2,870
16	4,360	416	1,320
22	3,700	417	2,940
29	2,120	418	2,000
30	660	419	1,260
		420	3,340
		421	200
		422	4,820

Cash account shows a balance of RM28,270 at April 30. On April 30, Ariani Corporation received the following bank statement:

Bank Statement for April 2016			
		RM	**RM**
Beginning balance			27,800
Deposits and other Credits:			
April 1	EFT	600	
4		8,340	
9		1,000	
12		1,100	
17		4,360	
22	BC	2,600	
23		3,700	21,700
Cheques and other Debits:			
April 7	(cheque no.413)	1,780	
13	(cheque no.415)	2,780	
14	NSF	1,800	
15	(cheque no.414)	280	
18	(cheque no.416)	1,320	
21	EFT	400	

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26	(cheque no.417)	2,940	
30	(cheque no.418)	2,000	
30	SC	40	(13,340)
Ending balance			**36,160**

Note: BC - Bank Collection; EFT - Electronic Fund Transfer; NSF – Not Sufficient Fund; SC- Service Charge.

Additional data:

i. The EFT deposit was a receipt of shop rent. The EFT debit was an insurance payment.
ii. The NSF cheque was received from a customer name Siti.
iii. The RM2,600 bank collection was for a note receivable.
iv. The correct amount of cheque number 415 is RM2,780. (Ariani Corporation mistakenly recorded the cheque for RM2,870.)

Instructions

(a) Prepare bank reconciliation at April 30, 2016. (9 marks)
(b) Prepare the adjusting journal entries required by the bank reconciliation. (6 marks)

Part B

Given below are the Statement of Financial Positions of Hyacinth Company for year 2015 and 2016.

Hyacinth Company Statements of Financial Position as at December 31		
	2016 (RM)	**2015 (RM)**
Assets		
Current assets	320,000	328,000
Property, plant and equipment (net)	400,000	382,000
Intangibles	250,000	280,000
Total assets	**970,000**	**990,000**
Liabilities		
Current liabilities	261,000	275,400
Long-term liabilities	480,000	494,000
Stockholders' equity	229,000	220,600
Total liabilities and stockholders' equity	**970,000**	**990,000**

Instructions

(a) Prepare a horizontal analysis by using 2015 data as a base. (8 marks)
(b) Compute current ratio for both years. (2 marks)

[TOTAL 25 MARKS]

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